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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
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June 12, 2015

Kirt Tatton, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Subject: Waste Rock Expansion, Dugout Canyon Mine, Canyon Fuel Company, LLC,
C/007/0039, Task ID #4892

Dear Mr. Tatton:

The Division of Oil, Gas and Mining (the Division) has reviewed the amendment to expand the waste rock facility for the Dugout Canyon. Deficiencies have been identified that must be addressed prior receiving final approval. The deficiencies are listed as an attachment to this letter.

Each deficiency identifies its author's initials in parentheses in order to facilitate communication between your staff and the Division's if necessary. The plans as submitted are denied. Please resubmit the entire application.

If you have any questions, please feel free to contact me at (801) 538-5350.

Sincerely,

Steve Christensen
Permit Supervisor

SKC/ss

Attachment

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070039
TaskID: 4892
Mine Name: DUGOUT CANYON MINE
Title: WASTE ROCK PILE EXPANSION

Operation Plan

Topsoil and Subsoil

Deficiencies Details:

Deficiencies:

R645-301-121.200, In RA Table 2-2 topsoil salvage volumes the totals below each column are not summed correctly and should be checked for accuracy. In addition, figures provided in Row M of this table should be checked for accuracy.

R645-301-231.400 The Soil Stockpile map outlines a larger area than necessary to store the 2,518 CY. Therefore a commitment to maintain slopes of the topsoil stockpile to 3h:1v is requested as that will provide better protection for the pile, by allowing the seeded vegetation an opportunity to take hold.

R645-301-232.200, The salvaged soil should be stockpiled and labeled subsoil, as suggested by the quality of Map Units B and M soil described in RA Section 231.100, p. 2-7 and Attachment RA 2-1.

pburton

Spoil Waste Refuse Piles

Deficiencies Details:

The current application does not meet the minimum requirements of R645-301-536 due to no edits to the text with chapter 5 section 536:

R645-301-536.100 requires that details be added to include the new capacity added and total new overall capacity of the refuse pile site. This section should also describe the acreage disturbed by the refuse site with the new application considerations.

R645-301-536.120 requires that this section should also detail that the applications area is covered under sufficient foundation investigations, etc.

R645-301-536.200 requires this section to address how the area within the application will be placed in a controlled manner to ensure mass stability, etc.

cparker

Reclamation Plan

Topsoil and Subsoil

Deficiencies Details:

R645-301-121.200, The total cover material available in storage is calculated in RA attachment 2.2. The total figure of 23,060 is based upon an increase of 2,518 CY in the topsoil stockpiled and the as built figures for soil already stockpiled. However, the increase in salvaged soil should be logged as subsoil (see deficiency under Soil Operations Plan).

R645-301-553.252, The plan should specify in RA-Attachment 2-2 that refuse analysis will be monitored to assure that acid/toxic material is buried in the fill and only waste rock determined by analysis to be suitable will be mixed with substitute topsoil to provide cover. Should testing of the waste indicate that the final lift is acid/toxic forming, then four feet of suitable cover will be required.

R645-301-553.252, The last record of waste sampling in the MRP Appendix 5-4 is dated December 2011. If there has been additional waste placed at the pile since that time, it must be sampled in accordance with the requirements of the MRP Section 536.200 of the RA volume.

pburton

Bonding Determination of Amount

Deficiencies Details:

The grading bond sheet needs to be updated to reflect the increase in subsoil and top soil at reclamation. Volume of material needed to obtain 4 feet of cover = 91,720 Total Cover material available at refuse site=23,060 Vol of coal waste blended with subsoil= 11,465 Vol of subsoil and top soil to cover pile=80,255 Vol of cover material imported from borrow site=57,195

The revegetation bond sheet needs to be updated to reflect the increase in disturbance area requiring reseeding to 14.2 acres, as stated in the MRP section 2, page 2-16.

cparker